

**MINUTES OF THE JOINT PUBLIC EDUCATION APPROPRIATIONS
SUBCOMMITTEE
FRIDAY, JANUARY 24, 2003
ROOM 129, STATE CAPITOL BUILDING**

Members Present: Sen. Howard Stephenson, Co-Chair
 Rep. Gordon E. Snow, Co-Chair
 Sen. James Evans
 Sen. Karen Hale
 Sen. Lyle Hillyard
 Rep. Doug Agard
 Rep. Duane Bourdeaux
 Rep. Judy Ann Buffmire
 Rep. LaVar Christensen
 Rep. David N. Cox
 Rep. Marda Dillree
 Rep. Glenn Donnelson
 Rep. John Dougall
 Rep. James Ferrin
 Rep. Karen Morgan

Member Absent: Sen. Bill Wright

Staff Present: R. Michael Kjar, Legislative Fiscal Analyst
 Ben Leishman, Legislative Fiscal Analyst
 Nedra Duzett, Secretary

Public Speakers Present: Bruce Williams, Administrator Davis School District

Visitor List on File

Committee Co-Chair Stephenson called the meeting to order at 2:13 p.m.

1. Introduction of Committee Members - Committee members introduced themselves and reported which district they represent.
2. Committee Procedure - Copies of Committee Procedure were distributed. Sen. Hillyard requested that the discussion be deferred until the next meeting so committee members could familiarize themselves with the handout. This topic will be first on the agenda of the next meeting.

Sen. Stephenson said the Committee Chairs have been asked to consider the needs of those who travel long distances by concluding the Friday meeting by 4:00 p.m. He said it is the intent of the Chairs to honor that request as much as possible.

3. Review of Budget Reductions - Mike Kjar, Fiscal Analyst, distributed a handout detailing the budget reductions to the areas of public education. A second handout was distributed detailing the Minimum School Finance Program. Budget books will be given to committee members in the next meeting. The base for the 2003 appropriation was \$1,956,001,809 which represents a \$35,233,611 reduction from the original appropriation and includes reductions made to public education. Mr. Kjar pointed out that one-time funding is taken out to begin a new base. The revised appropriation is \$1,956,001,809, the beginning point for the 2004 budget. Mr. Kjar said the base reduction from the FY2002 Sixth Special Session was \$18,189,100. If this figure holds, it will be the committee's responsibility to determine how to take that amount out of the various programs listed on the sheet.

Ben Leishman, Fiscal Analyst, summarized the agency reductions which followed the same format as that of the Minimum School Program. The 2001 actual figure of \$319 million for public education was the starting figure for the 2002 budget. The 2002 budget was increased by \$15,975,056 for a total of \$335,732,956. This money did not necessarily go into the State Office of Education budget. It was shifts from the Minimum School Program or increases in federal funds. At the end of the 2002 General Session public education agencies were reduced by \$2,435,256.

Mr. Kjar explained the structure of the Minimum School Program spread sheet and pointed out the amounts for local revenue and the basic tax levy, which all school districts are required to levy in order to participate in the Minimum School Program. Currently the rate is .001813 and is applied to all assessed property within a school district. All of the local revenue goes to the cost of the Minimum School Program.

The basis for funding is the weighted pupil unit, which has a current value of \$2,132. The current year has 627,795 WPU with an amount of \$1,338,458,940. The estimated WPU's for 2004 is 632,188 at a cost of \$1,347,824,816. When the WPU is raised, every program that is WPU driven increases. It is sometimes referred to as an inflationary increase. Items below the line on the spread sheet do not necessarily get an inflationary or any other type of increase, unless this Legislature specifically designates increases for those items. The exceptions are Social Security and Retirement, which automatically increases with the number of students. Mr. Kjar noted that traditionally public transportation will increase. Built-in growth is not entirely funded so there is a negative figure of \$1.4 million. Another \$2 to \$3 million will be needed for growth of 4,800 students.

4. Committee Discussion - Committee members inquired about School Trust Lands money. Mr. Kjar said the committee does not have any fiscal control over the School Trust Land Program unless it is done statutorily by the Legislature. Statute determines

the distribution of funds, which should be approximately \$10 million for 2004. Committee members interested in further information on the School Trust Lands should contact Ed Alter.

Rep. Bourdeaux noted that last year some items teacher and personnel driven were moved below the line. He recommended the committee have some dialogue on this because of the inequity that has resulted in some districts.

Sen. Stephenson said they have been asked to look at the Charter School Funding as it relates to their receiving full funding, and they have been asked to look at the school building equalization formula. Rep. Buffmire suggested that the committee needs to know how much will be needed for bonding that is coming in on a yearly basis.

Larry Newton, School Finance Director, State Office of Education, said that some school districts have incurred loans from the revolving loan fund. They agree to pay back approximately 20 percent per year over a period of five years at a negotiated interest rate. Some school districts depend on their foundation dollars to make payments. If it is a general obligation bond commitment, districts are obligated to raise the tax rate to meet the principal rates each year.

Sen. Evans asked for numbers on class size reduction. Patrick Ogden, State Office of Education, commented that the distribution on Class Size Reduction funding is based on the WPU's in kindergarten, grades 1 through 12 and Necessarily Existent Small Schools and is equally distributed. Funding goes to the district, so that if the district determines a school does not need funding it will not be passed along.

Sen. Hillyard suggested the committee monitor committee meeting time to allow ample discussion for debate on the \$1.9 billion WPU basic program. He recommended the committee invite Frazier Bullock to a committee meeting and have him provide a handout on the finding of his committee. He asked the Chairs to invite Sen. Buttars to explain S.B. 34 on credit vouchers. Sen. Hillyard also asked for details on the Governor's recommendation of competency vs. seat time.

Rep. Christensen suggested educators and constituencies that have a lot of research and data be scheduled for speaking opportunities.

4. Impact Aid Discussion - Bruce Williams, Business Administrator Davis School District, distributed a handout on the Federal Impact Aid Program, and presented a power point presentation designed to answer questions as to whether or not a charter school receiving impact aid should also receive the local property taxes from the sending district, and if the

dollars that are coming to districts throughout the state are payments in lieu of taxes and should be included with the local property taxes.

The purpose of impact aid is to reimburse school districts that have lost tax revenue due to a federal property, or the increased expenditures due to the enrollment of federally connected children, i.e. students whose parents are in the military, or students who live on Indian land. He noted that San Juan District has a significant population of students who live on lands owned by the federal government. Special Education students who live on federal land qualify for additional funding. A district that has a lot of federally connected students gets more money per student than a district that has only a few.

States cannot reduce the state aid because a district receives impact aid unless they can be certified by the Dept. of Education as equalized. If a state deducts without certification districts may apply for relief in federal court.

Mr. Williams said it is important to understand the application process which is very time consuming. A survey card must be sent home to every student in the district (60,000 annually in Davis District). Parents must provide employment information and sign the card for the student to be counted. The estimated cost for Davis District is \$90,000 per year to go through the process. Davis District generates 1,451 WPU's, and they anticipate receiving \$944,000 for 2003 school year.

6. Adjourn - MOTION: Rep. Dillree moved to adjourn the meeting at 4:05 p.m.

Minutes reported by Nedra Duzett, Secretary.

Sen. Howard Stephenson, Committee Co-Chair

Rep. Gordon Snow, Committee Co-Chair